

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees – In-House Meeting

November 13, 2014 – 9:00 a.m.

VSERS Members present:

Kevin Gaffney, Chairperson, VSEA Representative (term expiring September 1, 2015)
Roger Dumas, Vice-Chairperson, VRSEA Representative (term expiring September 30, 2016)
Jeff Briggs, VSEA Representative (term expiring September 30, 2016)
Thomas Hango, VSEA Representative (term expiring September 30, 2016) – via telephone
Paul White, Jr., VSEA Alternate Representative (term expiring September 30, 2015)
Allen Blake, VRSEA Alternate Representative (term expiring September 30, 2016)
Maribeth Spellman, Commissioner of Human Resources (ex-officio)
Elizabeth Pearce, VT State Treasurer

Members absent:

James Reardon, Commissioner of Finance & Management (ex-officio)
VACANT, Governor's Delegate position

Also attending:

Laurie Lanphear, Director of Retirement Operations
Mark DiStefano, Assistant Attorney General
Joshua McCormick, Assistant to Nancy Dimick
Katie Green, Investments Manager
Karl Kroner, Chip Sanville, Marilyn Collister, Great West Retirement Services
John Piper, David McInburg, Brendan Morrison, Nationwide Insurance
Tim Bryan – Prudential
Warren Vail III, former state employee

The Chairperson, Kevin Gaffney, called the November 13, 2014, meeting to order at 9:02 a.m., which was held in the Large Treasurer's Conference Room, Fourth Floor, 109 State Street, Montpelier, VT.

ITEM 1: **Warren Vail III – request for reconsideration of denial of waiver of 90 day time limit to apply for disability retirement.**

Karl Kroner, Chip Sanville, Marilyn Collister, John Piper, David McInbure, Brendan Morrison, and Tim Bryan exited the meeting for this agenda item.

On motion by Mr. Dumas, seconded by Mr. Briggs, the board voted unanimously by roll call to enter Executive Session at 9:05 a.m. pursuant to Title 1, § 313 for the purpose of discussing personal issues.

The Board came out of executive session at 9:54 a.m.

On motion by Ms. Pearce, seconded by Mr. Briggs the board voted unanimously by roll call to deny William Vail III request for reconsideration of denial of waiver of 90 day time limit as petitioner did not give good cause.

Warren Vail III left the meeting at this time.

Karl Kroner, Chip Sanville, Marilyn Collister, John Piper, David McInbure, Brendan Morrison, and Tim Bryan re-entered the meeting at this time

Katie Green entered the meeting at this time.

ITEM 2: Approve the Minutes of:

- **October 29, 2014 – Actuary Meeting**

The board noticed some technical changes that needed to be corrected. Thomas Hango was present at the meeting, not available via telephone. Roger Dumas was elected by the VRSEA to serve on the board. An adjustment was made on Mr. Dumas's question in item 3, paragraph 2.

On motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously by roll call to approve the minutes of October 29, 2014, with the technical changes identified at today's meeting.

ITEM 3: Discuss/act on disability retirement recommendation for:

- **Laura Curtiss-Palmer**
- **Lisa Deblois**
- **Mary Warner**

Karl Kroner, Chip Sanville, Marilyn Collister, John Piper, David McInbure, Brendan Morrison, Tim Bryan, and Katie Green exited the meeting at this time.

On motion by Ms. Pearce, seconded by Ms. Spellman, the board voted unanimously by roll call to enter Executive Session at 9:58 a.m. pursuant to Title 1, § 313 for the purpose of discussing personnel issues.

The Board came out of executive session at 10:14 a.m.

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board unanimously voted by roll call to refer Laura Curtiss-Palmer's application for disability retirement back to the Medical Review Board for more clarification.

On motion by Ms. Pearce, seconded by Mr. Briggs, the Board voted unanimously by roll call to accept the recommendation of the MRB to allow the disability retirement for Lisa Deblois and Mary Warner, with no review.

Karl Kroner, Chip Sanville, Marilyn Collister, John Piper, David McInbure, Brendan Morrison, Tim Bryan, and Katie Green re-entered the meeting at this time.

ITEM 4: Great West Presentation

Mr. Kroner presented to the board the Deferred Compensation Plan Review packet (through 9/30/14). He discussed the plan summary of total assets and asset components. He then discussed the chart for percentage of assets by asset class along with the asset distribution by fund chart and the fund transfer activity for quarter 3 of 2014. Mr. Kroner also noted a correction on the fund transfer activity. For T. Rowe Price Small-Cap Stock Fund, the transfer activity chart showed there were 5,238 participants in quarter 3, when actually it was 2,538. Mr. Kroner then discussed the Participant Balance by Age chart for quarter 3 of 2014.

Mr. Kroner then discussed the Asset Distribution – Roth vs Regular chart. Mr. Kroner stated that .5% of the assets are from the Roth program. Mr. Kroner and Ms. Collister answered all the questions from the board about the Roth plan. Mr. Kroner then discussed the contribution History chart. Contributions are up 13 percent from this time last year. Mr. Kroner then stated that Target Date Funds are at 26.8%, and that more contributions are being made in Target Date Funds. Mr. Kroner then discussed the Pax World Global plan. He stated that 18 people made contributions last quarter for a total of \$1200, which is up \$100 from last year.

Mr. Kroner then presented a handout showing full rollover activity for state and municipal 457 and SDIA plans for Quarter 3. The 457 plan showed 6,721 participants (5,949 state/772 muni), 1,421 with termination dates (1390 state/31 muni) with 54 taking full withdrawals and 16 of those being full rollovers to new providers. Mr. Kroner then discussed the Office Activity for the third quarter. The local Great West office had 1073 calls logged and 58 walk-ins. Mr. Kroner then went over the Morning Star performance summary and answered any additional questions the board had.

Ms. Collister then presented to the board the Great West packet titled State of Vermont Fiduciary Responsibility. She discussed with the board fiduciaries responsibilities, how to identify all types of fiduciaries, and when staff members are, and are not fiduciaries. Ms. Collister also discussed the fiduciary standards of conduct and the duty of loyalty and answered the board's questions. There was then a discussion about the duty of prudence and prudent investment policies when pertaining to fiduciaries. Ms. Collister then discussed plan administrations and the special catch-up age contributions (normal age retirement).

Katie Green and Maribeth Spellman left the meeting at this time.

Ms. Collister then discussed additional fiduciary information including how to communicate with and educate participants, complying with 404(c), and some tips for limiting liability. Ms. Collister then discussed the possible changes that could be made now that there have been changes to the U.S. Senate during the mid-term elections. This includes the SAFE Retirement Act and other tax reform proposals which are outlined in the fiduciary responsibility packet. Ms. Collister answered any additional questions that the board had.

The board then thanked Great West and expressed their gratitude for all the work they have done.

ITEM 5: Any other business to come before the board

none

ITEM 6: Adjournment

On motion by Mr. Dumas, seconded by Mr. Briggs, the Board unanimously voted to adjourn at 11:48 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a conference call meeting, Thursday, December 11th, 2014 at 9:00 a.m.

Respectfully submitted,


Nancy Dimick
Secretary to the Board